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Russia Competes in Cotton
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UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN
AGRICULTURE

VOL. XX . . NO. 4 . . APRIL 1956

To report and interpret world
agricultural developments.

April 14 –
Pan American Day

Pan American Day, April 14, reminds us of the 66 years of close, friendly cooperation in this hemisphere since the founding of the Pan American Union, now the Organization of American States. Nowhere else in the world are there 21 neighboring countries that live together in as great a spirit of peace and cooperation.

A few days ago, Under Secretary of Agriculture True D. Morse remarked to a group of U.S. agricultural attaches in Caracas, Venezuela (page 20):

"The United States and Latin America are ideological and economic partners. From a foreign relations standpoint, together we are successfully maintaining our common heritage of freedom and cooperation in the Western Hemisphere. From an economic standpoint, we are carrying on a great and useful exchange of products with one another, probably more than any other two areas of the world."

The United States is Latin America's best agricultural market. We buy coffee, cocoa, sugar, bananas, lumber. Latin America buys our grains, fruits, edible oils, animal products.

The United States buys considerably more agricultural products from Latin America than it sells to the area. Since prewar, however, our farm exports to the area have increased greatly. Latin America's population is growing, levels of living are rising. New markets are developing for U.S. farm products. The prospect is bright for constantly improving inter-American trade relationships.

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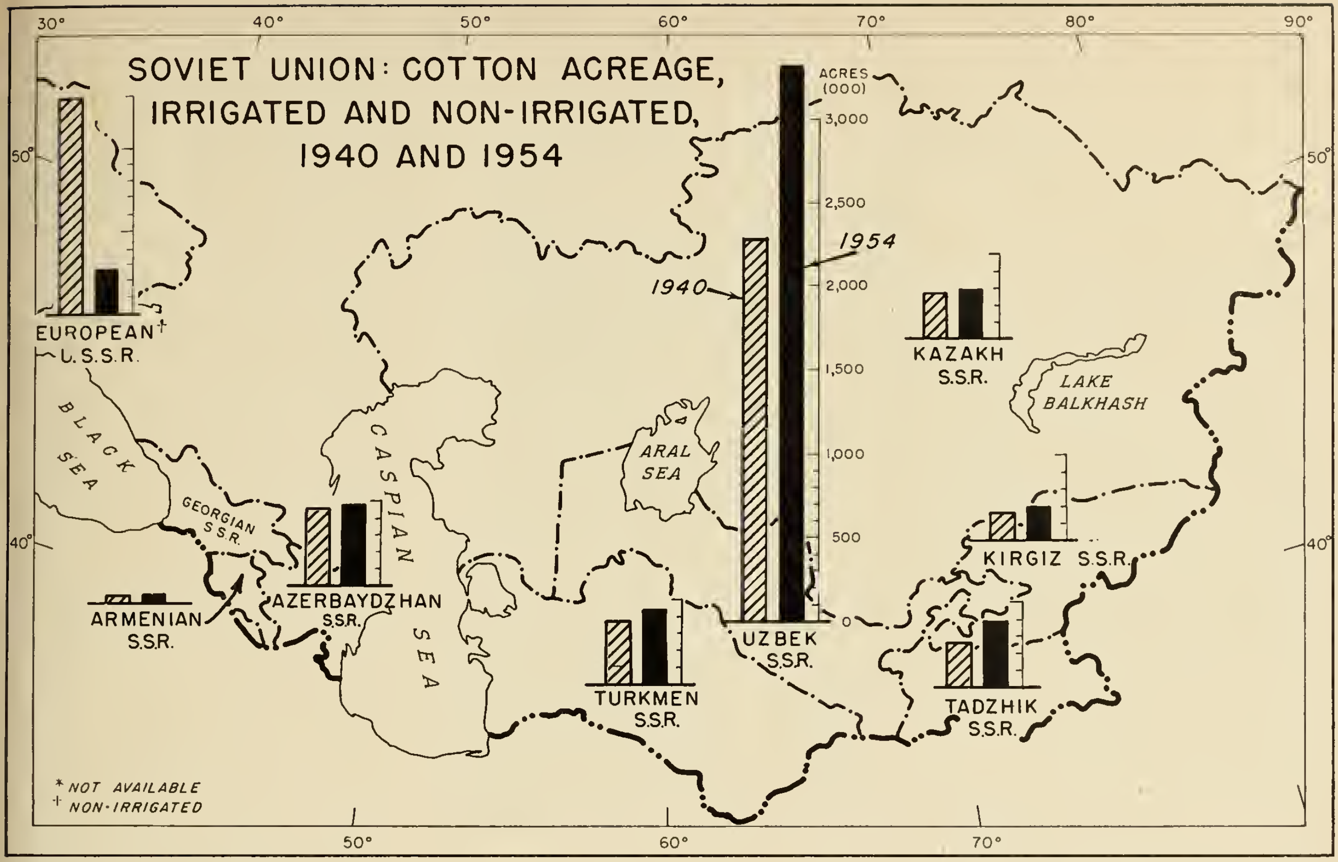


U.S. DEPARTMENT OF AGRICULTURE NEG. 826 FOREIGN AGRICULTURAL SERVICE

The Soviet Union Competes in Cotton

By LAZAR VOLIN

Foreign Agricultural Analysis Division,
Foreign Agricultural Service

The Soviet Union now ranks next to the United States in cotton production. In recent years it apparently has not only produced enough cotton to fill the present needs of its own cotton textile industry, but has become a net cotton exporter. Though its 1955 cotton crop declined somewhat from the peak of 1954, the Soviet Government is making a strong effort to increase its cotton area and output. At present it is exporting principally to the European countries of the Soviet Bloc; it is also shipping increasing amounts of cotton to the Free World. In addition, it is providing a market for surplus cotton from Egypt and other Middle Eastern producers.

After a serious decline in cotton acreage and production during the Second World War, the Soviet Union has again forged ahead in recent years as a major cotton-growing country, until it ranks next to the United States in volume of production. Before the 1930's, the Soviet Union was on an import basis for cotton, but during that decade it became self-sufficient as a result of a government drive for increased production. In recent years the Soviet Union, though it imports cotton fabrics, not only has been able to cover the current requirements of its own textile industry but also has become a net exporter of cotton. It ships principally to European Soviet Bloc countries, which formerly imported considerable quantities of U.S. cotton. The Soviet Union likewise has carried on some trade in cotton with the Free World.

The tabulation below shows how much Soviet cotton went to each principal Free World market from 1951-52 to 1954-55 (in thousands of 480-pound bales net):

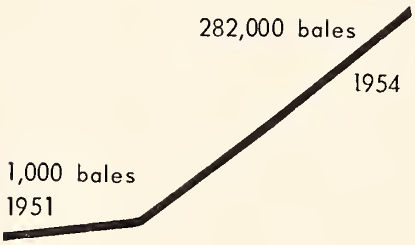
	1951	1952	1953	1954
United Kingdom	—	—	22	103
Finland	—	20	41	44
Italy	—	—	16	43
France	—	—	25	39
Sweden	—	—	—	14
Belgium	—	—	29	9
All other	1	—	11	30
Total	1	20	144	282

Cover Photograph
Tulip Field of Holland

Photograph from Centraal Bloembollen Comite

Dutch tulip grower and his son photographed in their tulip fields north of Haarlem just as they are starting to remove the blossoms so that the bulbs may fully develop.

Here is how its total Free World market has grown:



But the Soviet Union itself is also actively in the market for cotton. In 1954-55, Egypt shipped it 60,000 bales, and Afghanistan 15,000. Some cotton imports also have come from Iran; and some of this imported cotton may have been reexported.

The 1955 Crop

No absolute figures on the 1955 Soviet cotton crop have been released by the Soviet Government. However, official data recently made public indicate that the 1955 cotton crop was 9 percent above that of 1950; the crops for 1951 to 1954 had exceeded the 1950 one by 5, 6, 8, and 18 percent, respectively. The decreased production was apparently due to lower yields per acre. This statement is confirmed by news of unfavorable weather in many places and by continued criticisms of the local administration for faulty management.

The 1950 crop itself was reported in 1951 at 3,750,000 metric tons in terms of seed cotton; there have been no figures for lint outturn. On the basis of the given percentages of increase the 1954 crop can therefore be calculated at 4,425,000 metric tons of seed cotton, and the 1955 one at 4,088,000. These would be roughly equivalent to lint outturns of 6.7 million and 6.2 million bales in 1954 and 1955 respectively, from an area of more than 5 million acres.

The figure reported for the base year 1950 was probably calculated by the so-called biological method. Under this method the crop is estimated as it stands in the field before the harvest, without taking into account the harvesting losses, which in the Soviet Union have commonly been heavy. Presumably, however, the biological method of crop estimating has been abandoned since August 1953, when it was condemned by former Prime Minister Malenkov. It is likely, therefore, that a revised crop figure for 1950 was used as a base in calculating the index of cotton production referred to above. In the same speech in which Malenkov condemned the biological crop-estimating procedure, he cited a figure of 3,770,000 tons of seed cotton procured by the government in 1952. Since legally all cotton must be delivered to the government, a procurement figure may perhaps be considered the equivalent of a harvested crop.

By using it to obtain a new base figure for 1950, and applying the percentages of increase indicated above to this new figure, we obtain new production estimates for 1954 and 1955—approximately 4.2 million and 3.9 million metric tons of seed cotton, or roughly 6.4 million and 5.9 million bales of lint. Even these figures may be too high. But estimates of between 5.5 million and 6.0 million bales for 1954 and between 5.0 million and 5.5 million bales for 1955 may be realistic.

Utilization

For many years no reliable figures have been published on Soviet mill consumption, foreign trade, and stocks of cotton, that could provide independent checks on production. The only continuous series available is that for output of cotton fabrics; this includes not only cotton cloth but also a number of other products in which cotton is used, though not all. For example, judging from a breakdown for prewar years, knitted goods and cotton used for tires are apparently excluded.

If a comparison is made between the calculated production of cotton fabrics in 1955 and, say, 1934, when a figure of mill cotton consumption was also published, we find an increase of 116 percent (2,733 million square meters in 1934 and 5,911 million in 1955). At least a similar increase—possibly even a larger one—can be assumed for total cotton consumption. If an increase of 116 percent is also applied to the 1934 figure of cotton consumption—444,000 tons—we obtain for 1955 a figure of 959,000 metric tons, or about 4.4 million bales, of cotton used from the 1954 crop. From a crop figure of between 5.5 million and 6.0 million bales, this would leave a margin of 1.1 million to 1.6 million bales to cover possible higher consumption requirements plus exports and additional stocks.

Similar checks cannot be applied as yet to the 1955 crop. But if the official report of a reduction in the 1955 crop is correct, the smaller estimate—between 5.0 million and 5.5 million bales—is indicated for 1955. Despite the increase in total cotton consumption, however, consumption on a per capita basis is still low. It probably did not exceed 10-12 pounds per capita; in the United States it is 25-30.

Cotton-Growing Regions

Russia has long grown cotton under irrigation in the dry Central Asiatic regions east of the Caspian Sea (formerly known as Turkestan), and in eastern Transcaucasia. In these areas, irrigation, plus the liberal use of commercial fertilizer, has resulted in relatively high yields per acre. In addition, toward the end of the 1800's American upland type of cotton replaced inferior native varieties.

The Uzbek Republic, or Uzbekistan, in Central Asia is the most important cotton-growing region, accounting for 60 percent or more of Soviet production. The Tadzhik Republic, which has been rapidly forging ahead, is particularly important for the growing of longer staple varieties. The Turkmen and Kirgiz Republics and the southern part of the Kazakh Republic are the other Central Asiatic cotton-growing regions. In Transcaucasia, cotton is grown mainly in the Azerbaydzhan Republic, and to a lesser extent in southern Armenia.

A glance at the map shows that cotton grows much further north

(Continued on page 19)

Sales of Farm Surpluses For Foreign Currencies Near $1.5-Billion Goal

Agricultural export commitments under Title I of Public Law 480 are making "excellent progress," Secretary of Agriculture Ezra Taft Benson recently reported to Rep. Robert D. Harrison of Nebraska (left) and Sen. Andrew F. Schoeppel of Kansas (center), co-sponsors of the law. The Secretary said that the program, which provides for sale of U.S. farm commodities to friendly foreign countries for their currencies, "is having a timely and helpful effect. It has given strength to our foreign and domestic markets at a time when such strength has been needed."

The $1.5 billion combination ceiling and goal authorized by Congress for sales of U.S. farm surpluses for foreign currencies is rapidly being reached.

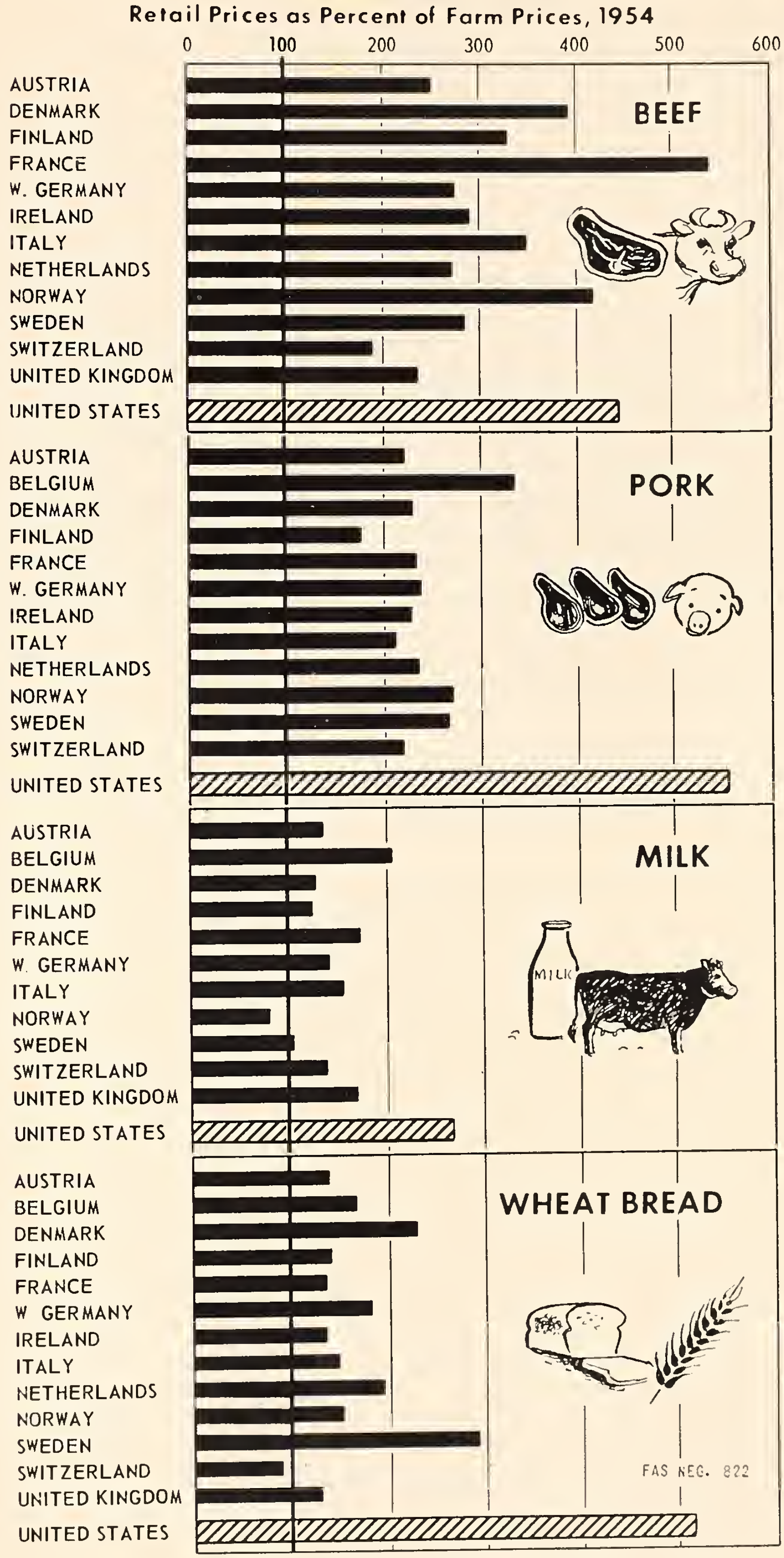
Title I of Public Law 480 is a 3-year program, effective until June 30, 1957. When Congress last year raised the program sales goal from $700 million to $1.5 billion, it stated that this "shall be considered as an objective as well as a limitation, to be reached as rapidly as possible as long as the purposes of this Act can be achieved within the safeguards established."

The success of the export program is shown by the fact that as of March 13 a total of 25 foreign countries had signed agreements totaling $1.2 billion. With the agreements under negotiation, the total program could reach the allotted $1.5 billion a year ahead of expiration date.

The agreement with Indonesia, signed on March 5, is the largest single one—amounting to over $135 million in cost to the Commodity Credit Corporation, or $92 million at export market value. The largest program with any one country is that with Yugoslavia; the initial agreement and three subsequent amendments now total $135 million CCC cost, $105 million export market value. Spain, which has just signed a new agreement, is also a leading purchaser, with a total program of $117 million CCC cost, $104 million export market value.

The principal commodities included in the agreements through March 13 are wheat, 121 million bushels; feed grains, 45 million bushels; rice, 10 million bags; cotton, 1.3 million bales; tobacco, 97 million pounds; beef, 53 million pounds; fruits and vegetables, 71 million pounds; dairy products, 89 million pounds; lard, 119 million pounds, other fats and oils, 900 million pounds.

Food Price Levels in the Free World


Retail Prices as Percent of Farm Prices, 1954

How do prices received by farmers abroad compare with prices received by U.S. farmers? How do retail food prices abroad compare with U.S. retail prices? And why is the size of the spread between what the farmer gets and what the housewife pays smaller in Europe than it is in the United States?

To answer these questions satisfactorily would be difficult. The price quotations published for the various countries seldom refer to strictly comparable qualities.

Despite this limitation, however, some general conclusions can be drawn regarding the price levels involved. For example, farm prices in Europe tend to be higher than those in the United States. But European retail prices tend to be lower than U.S. retail prices. Thus the average gap between farm and retail price is considerably smaller than in the United States. An exception to this latter conclusion is France, where the spread between beef and cattle prices is even larger than in the United States. And notable exceptions to the general finding of higher farm prices are Denmark and the Netherlands — the most efficient agricultural producers in Europe.

Why does Europe have lower retail prices than the United States, even though its farm prices are higher?

Two reasons are the lower costs of distribution and processing and the lower quality of consumer services. Another is that Europe imports sizable quantities of food and feed at prices lower than its own farm prices. Some countries that get a large part of their supplies from imports give the consumer the benefit of these lower import prices through a mixed domestic and import price.

Bread is in general much cheaper in Europe than in the United States. This situation is partly due to subsidies, partly to Europe's

Average Farm Prices In Fourteen Free-World Countries, 1954-55 [U. S. price = 100]

Country	Grains for food and animal feed: Wheat	Barley	Oats	Corn	Eggs	Milk	Cattle	Hogs	Potatoes	Sugar beets
Austria	132	211	179	145	131	69	94	144	78	116
Belgium	127	159	154	—	133	68	120	147	58	113
Denmark	92	172	177	—	91	64	79	127	87	80
Finland	174	231	237	—	128	103	91	191	129	222
France	134	161	139	199	144	74	102	193	61	111
W. Germany	132	217	184	—	138	74	107	153	76	121
Ireland	111	169	158	—	152	79	99	134	122	123
Italy	164	172	175	137	143	89	120	193	93	101
Netherlands	94	161	164	138	105	65	106	143	48	95
Norway	160	210	191	—	106	89	103	144	92	—
Sweden	115	166	161	—	102	78	87	148	101	126
Switzerland (1954)	206	—	—	—	181	101	195	236	163	141
United Kingdom	119	188	162	—	147	104	95	180	99	138

lower processing costs, and partly to the absence of the admixtures commonly used in U.S. bread—fat, milk, and other more expensive ingredients.

Retail prices of fresh milk are also much lower in Europe than in the United States; the explanation is partly subsidies and partly the considerably lower quality standards in Europe. But even in European countries with high standards of quality, milk prices are lower.

Eggs in Europe for the most part retail above eggs in the United States. This might be due to the lower productivity of Europe's poultry industry. In general, retail sugar prices are very much above those in the United States, for in most European countries sugar is heavily taxed.

Two main sources were used for the foreign price quotations that are the basis of the material presented here in graphic form. For farm prices the source was *Prices of Agriculture Products and Fertilizers 1954-55*, published in Geneva by the Agriculture Division of ECE-FAO. For retail prices the source was the official statistics of the various countries, as presented in the international section of *Statistisches Jahrbuch für die Bundesrepublik Deutschland, 1955.* It should be reemphasized that these retail prices cover widely differing qualities, aside from the broad distinctions that are given below.

Bread: Finland and Sweden, rye; elsewhere, wheat.

Milk: Belgium, dairy; Denmark, bulk.

Butter: Belgium, France, Ireland, Norway, and the United Kingdom, dairy; the Netherlands, dairy packaged.

Lard: Denmark, packaged; elsewhere, bulk.

Pork: Belgium, Germany, and the United States, chops; Denmark, lean; France, fatback.

Beef: Denmark, boneless; Finland, stew; France, steak; Ireland, loin; the United Kingdom, rib; the United States, roast.

Sugar: Austria and Finland, lump; Belgium and France, pulverized; Denmark, loaf; Norway, refined; Switzerland, crystals.

Average Retail Prices In Fourteen Free-World Countries, 1954 [U. S. price = 100]

Country	Wheat products: Flour	Bread	Eggs	Milk	Fats: Butter	Lard	Margarine	Meat: Beef	Pork	Sugar	Potatoes
Austria	13	35	91	35	84	108	80	53	57	120	40
Belgium	—	41	103	52	118	108	73	—	88	150	40
Denmark	54	41	71	30	67	92	—	57	52	60	60
Finland	91	53	116	48	111	—	130	67	60	170	60
France	127	35	136	48	128	185	133	124	80	150	60
W. Germany	73	47	109	39	94	—	73	65	65	150	—
Ireland	36	29	96	—	79	—	—	64	55	80	40
Italy	—	47	112	52	117	124	—	94	73	190	60
Netherlands	—	35	93	—	76	—	—	64	60	100	40
Norway	45	47	103	26	74	—	53	97	70	100	60
Sweden	82	65	96	30	85	—	113	71	56	100	80
Switzerland	136	35	145	52	150	119	—	83	93	100	80
United Kingdom	64	29	95	65	78	88	70	50	—	90	40

This month, India is completing its first Five Year Plan to expand its economy. Agriculture has had an important place in this Plan, for India is striving not only to become self-sufficient in food, but to diversify its agriculture so as to provide a wider variety of food products for consumption and export. The decline in exports of U.S. farm products to India is partial evidence that India is moving toward these goals. Under the Second Plan, which ends in 1961, changes in the trade pattern could be even more decisive.

Much of what India has accomplished has been done with the aid of extension work. With 83 percent of India's vast population living in rural villages, the place to start was at the grass roots—and the way to start was through community projects aimed at raising the standard of living of the rural people. India did this by setting up a Community Projects-National Extension Service Program, in which it was assisted by the U.S. International Cooperation Mission in India. To evaluate what has been achieved by this program, Mr. Hearne, a veteran of 30 years of extension work in the United States, made a 9,000-mile trip through India, and, in the following article, he describes the program as he saw it operate.

Photographs by Mr. Hearne

Mr. Hearne and the director of one of India's extension training centers look over a poster on disease and pest control prepared by the Young Farmers' Club in a West Bengal village.

What India's Extension Program Is Accomplishing

By CANNON C. HEARNE

Director, Division of Foreign Training
Foreign Agricultural Service

When India started its first Five Year Plan, the highest priority was placed on agricultural development and on community projects which would arouse the enthusiasm of village people for new knowledge and inspire them to create a better life. Late in 1955—5 years later—it was my privilege to be asked by the Government of India to appraise how far India has progressed along this road of helping people to help themselves.

The Indian Government had pages of statistics—on the bridges and roads built, the amounts of fertilizer used, the schools, clinics, and community centers erected. But I wanted to see the program in operation, to visit the villages, to watch the demonstrations, to talk to the extension workers and the people themselves. What were they getting out of this program? Was it a case of follow-the-leader, or were they asking "Why?" And were they assuming community responsibility?

To answer these questions I traveled 9,000 miles, from the north of India, where the Himalayas glistened with snow and five blankets were needed at night, to the torrid south, where fans ran 24 hours a day. Everywhere the villages were being improved. Tanks and ponds were being cleaned out, streets were being cleaned, and houses whitewashed. Clinics were being held, schools were going up, and in many villages the rural people were creating their own libraries. Even malaria was being brought under control.

The Indian Government supplies the leadership for these projects by training thousands of young men and women as village extension workers; the male workers are known as *gram seviks,* the women as *gram sevikas.* These workers are doing a fine job. Yet everywhere I went I felt that the eagerness with which the rural people are responding to this new phase of Indian life largely accounts for the progress that has been made.

Village Planning

I recall one village that I visited with Dr. A. L. Winsor, head of the Rural Education Department, Cornell University. We were stopped by three villagers who wanted to know if we could answer some questions about overall village problems. (On all my travels I was accompanied by representatives of the Ministry of Food and Agriculture, who served as translators where necessary.) These three villagers, as I learned, were members of a village council which was helping the village extension worker plan a local improvement program. Their questions were quite revealing. One of them was, "If 60 percent of the villagers be-

Important to India's community projects program is the *gram sevika*—or home demonstration worker—who is helping the women of India realize a better life for themselves and their families.

Trainees at an extension training center near Calcutta inspect an automatic seeder that they planned and built themselves. Later, they will pass on the know-how to village farmers.

long to a cooperative, what do you do with the other 40 percent?" And another one was, "When roads are built in a village in America, what percentage of the cost is paid by the government, by the State, and by the village itself?" Yes, it was quite obvious that these village leaders were perfectly capable of thinking of the "Why".

Then there was another village in North India where a farmer repeated for me the demonstration which he gives to his fellow villagers on why he varies the quantity of fertilizer on his wheat. He explained exactly what he was using, what he expected to get from its use, and why one application would be better than the other. I was impressed with his understanding of the problem and with the fact that villagers learn so quickly that they can help their neighbors. That they are doing it is certainly evidence of their ability to assume community responsibility.

Home Demonstration Workers

In India's extension program agricultural development came first, but it was soon learned that making India self-sufficient in food did not automatically lead to an improvement in the standards of living in the villages. Therefore, it was essential to seek the active cooperation of the rural women, through the establishment of a home economics extension wing. This was done about a year ago when the government set up 12-month training programs for women extension agents throughout the country. But at that time, the big question was, Would the villagers accept women workers? Though Indian women have made great progress in the last 25 years, this changed attitude toward women has not always extended down to the village level.

In my travels I found that the gram sevikas—or home demonstration workers, as we would term them—were not only accepted but were held in deep respect by the village people. In a village that I visited in West Bengal a gram sevika was taking me around. I noted that the people greeted her with warmth, so I stopped to ask a farmer who was winnowing rice if the gram sevika was from this particular village. "No," he said, "but she has a house here and we like her because she helps our women and our girls and boys."

Home demonstration workers' problems are the same the world over. At first there is reticence, then this initial diffidence turns to enthusiasm. In India, as the gram sevikas taught the women to brighten their homes, to plant flowers, to make children's clothes, this enthusiasm often led to the organization of homemakers' clubs. In a village in East India I visited one of these clubs where the rural women were displaying their needlework—clothes, rugs, handbags, and such things which were to be sold at a community fair involving several villages. When I bought one of the handbags the officers of the club were delighted. Apparently my purchase brought in the first money the club had ever received.

India's extension program also takes in the children, and they have their young farmers' clubs just as we have our 4-H Clubs. The boys and girls are encouraged to organize themselves into groups. Through simple devices they are taught the rudiments of the 3 R's —very often the gram sevika does this. Under adult leadership, usually members of the village council, each club member is given a project. I remember a young 12-year-old in Pepsu State who led us proudly to five orange trees that he had planted at the edge of a field. Upon questioning it turned out that his sole motive in planting those trees was so he could have all the oranges to eat that he wanted!

(Continued on page 21)

Sweden Sets New Farm Price Policy

By Georg Frostenson

Research Specialist

American Embassy, Stockholm

GREATER FREEDOM OF TRADE may result from the new Swedish price program for agriculture approved by the Parliament December 7, 1955, and scheduled to go into effect September 1, 1956. The action would assure U.S. agriculture access to the Swedish market on an equal footing with other countries.

In this new program, Sweden has set these general principles for its future policy toward farm products important to its agriculture:

Domestic prices—including a goal, a ceiling, and a floor for each commodity—are to be set for 3-year periods.

Present tariffs and variable import charges are to be replaced by stable import excises, also fixed for 3-year periods.

Present import monopolies are to be abolished.

Both imports and exports are to be free of quantitative restrictions as long as domestic prices stay within the limits set.

Present System

Since 1940, agricultural price regulations in Sweden have been based upon a statistical calculation of total agricultural production costs including estimated costs of family labor. The main criterion of adequate farm prices and incomes has been for gross income to keep pace with the costs of production. Accordingly, an income goal is established before each crop year. This is done by applying the index of farm production costs to the estimated gross farm income during the base period. Prices are fixed at a level necessary to produce the established income goal.

The Policy Decision of 1947

In 1947 the Parliament introduced a new yardstick for the adequacy of farm income. It decided that operators of reasonably efficient family farms should earn an income equivalent to that of other comparable income groups. This decision, among other things, called for a shift in the basis of determining prices of farm products, for the use of an index of production and labor costs did not necessarily result in the income goal, as defined by the Parliament.

Price Committee's Proposal

At the end of 1954, a committee appointed by the Minister of Agriculture submitted a proposal for a new agricultural price policy. The committee found that income equality, as defined by the 1947 Parliament, actually had been achieved, and that domestic prices exceeded world market prices by an average of about 20 percent. In line with these findings and animated by the international efforts to liberalize trade, the committee recommended a system of price management which, with certain modifications, was presented in a bill to the Parliament in the fall of 1955. (Government Bill No. 198, May 12, 1955).

The New Program in Outline

The main content of the Bill, now approved, is as follows:

Price levels: Goal prices and floor and ceiling prices for domestically important farm products will be fixed for a period of 3 years beginning September 1, 1956.

Goal prices will be negotiated at levels calculated to result in equitable labor income to operators of plain area farms with 25 to 50 acres of cultivated land. Equitable labor income is defined as the equivalent of the average income earned by industrial workers in rural districts.

Ceiling and floor prices will be fixed at levels of 10 to 15 percent above and below the goal prices.

Import excises: For the domestically important farm products, present tariffs and variable import excises will be replaced by import excises which will be fixed for periods of 3 years at levels ranging between 15 and 20 percent of the estimated import price. Other agricultural products will be subject to tariffs at rates corresponding to those for the important farm products.

In addition to the import excises, domestic excises will be levied to the extent necessary for domestic price equalization or subsidization of exports. Principal excises of this kind now in effect concern oilseeds, fats and oils, bread grains, cattle, and hogs.

Export subsidies: Funds derived from the excises will be used for subsidizing exports in accordance with the general principle that excises collected for each commodity will be used for subsidizing the same or related commodities when exported.

Removal of quantitative restrictions: Imports and exports will be free of quantitative restrictions as long as domestic prices remain within the limits set by the ceiling and floor prices. Present foreign trade organizations for dairy products, meat, eggs, bread grains, oilseeds, and sugar will lose their exclusive import rights and like other trades be obligated to pay import excises. Everybody will be free to export farm products, but only the foreign trade organizations and their members will be entitled to receive export subsidies.

Price correctives: If domestic prices tend to fall below the established floor level, the foreign trade organizations will again be granted the exclusive import rights which they now enjoy. Quantitative restrictions may also be re-introduced. Under these circumstances, the government is authorized to raise import fees up to a level not

Frozen milk, packed in polypolen bags in 5-liter and 1-liter containers, is shown to U.S. Agricultural Attache Sherwood O. Berg (right) at a Danish dairy plant in Nyborg by officials of the plant, Director Hermansen (left) and President Langelund (center).

Danish Dairy Pioneers In Freezing Fresh Milk

By TERRENCE W. McCABE
Dairy and Poultry Division
Foreign Agricultural Service

One of Denmark's oldest dairies, the 300-year-old Maelkecentral in Nyborg, is perfecting a process of freezing fresh milk so that it can be held from 2 to 3 months without separation of the fat and nonfat solids.

News of this process, first reported early this year by Foreign Agricultural Service, resulted in so many inquiries that Sherwood O. Berg, U.S. agricultural attaché in Denmark, visited the Nyborg dairy and obtained the following information on how it is freezing fresh milk.

The milk is first heated in the pasteurizer to 131°F. for 10 to 15 seconds. It is then homogenized and again run through the pasteurizer for 15 seconds. After this it is bottled in a plastic bag in a single-ply cardboard carton and placed in a deep freeze, where it is held at about 0°F. No special technique is required to thaw the frozen milk. While no explanation was given with regard to the initial pasteurization, it is probable that the pasteurizer is used to heat the milk before homogenization.

Experiments were conducted for more than a year at the Maelkecentral before the first fresh milk was successfully frozen last summer. Since Nyborg is a seaport and provisioning point for vessels, it was possible to test the keeping quality of the frozen milk by supplying samples to various ships. After storage under seagoing conditions for periods ranging from 6 weeks to 4 months, the milk was still found palatable. Three months, however, is believed to be the normal limit before deterioration occurs.

A similar process has also been developed in England. While specific details are not available, the milk is pasteurized, treated to prevent fat separation during freezing, bottled in plastic bags, and stored at 8°F. According to Dr. H. D. Kay, director of the National Institute for Research in Dairying, Reading, England, the essential research has been completed and commercial operations are now possible.

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exceeding 25 percent of the import price, as a general rule. Other authorized measures include production subsidies.

If, on the other hand, prices tend to exceed the ceiling level, export subsidies may be dropped and exports prohibited.

The program includes three other rules designed to correct larger variations in the general farm price level or in the competitive position:

1. If the value of money as measured by a modified consumers' price index changes by more than 5 percent, goal prices and import excises will be adjusted accordingly (the 5-percent rule).

2. Import excises will also be adjusted if the composite index of farm prices, adjusted for seasonal variations and changes in the value

(Continued on page 22)

Photographs from Centraal Bloembollen Comite

Field of hyacinths in Holland. Inspection of bulbs by U.S. Department of Agriculture aids U.S.-Netherlands trade.

Preshipment Inspection Brings Better Bulbs to American Gardeners

By RALPH W. SHERMAN
Plant Quarantine Branch
Agricultural Research Service

Dutch, Belgian, and French-grown bulbs, including tulips, gladiolus, and scores of other bulb favorites, are now reaching the American gardener in healthier condition as a result of preshipment inspections abroad by plant quarantine inspectors of the U.S. Department of Agriculture.

These inspections in the growing fields and packinghouses abroad have been going on since 1951, when they were initiated on an experimental basis in the Netherlands. A year later Belgium agreed to preshipment inspection of gloxinias and begonias, and, in 1954, similar inspection of French narcissus, hyacinth, and lily bulbs was started. Today preshipment inspection of bulbs is strongly approved by both exporters and importers, as well as by those responsible for safeguarding the United States against the entry of plant diseases or insect pests.

Prior to inauguration of this point-of-origin inspection, bulbs were inspected after their arrival in the United States. This required handling large consignments amid the clutter and chaos attending the arrival of thousands of tightly closed and carefully packed cases, often in shipload lots.

Advantages of System

As a result of preshipment inspections by USDA inspectors, foreign bulb growers, their trade associations, and their bulb inspection corps are more aware of our standards for entry under the nursery-stock, plant-, and seed-quarantine regulations. Teams of American and foreign inspectors working together in bulb inspection have developed a keener appreciation of each other's problems. Day-to-day contacts with our inspectors in the growing fields and storage sheds have made it easier for the foreign phytosanitary services to interpret to their growers U.S. standards for bulb imports.

There are many other advantages to this system. American importers buy bulbs with the provision that they be eligible to enter the United States. Under the former port-of-entry inspection, arriving bulbs that did not qualify were denied entry, with substantial losses to the exporters for packing charges, land transportation, and ocean freight. Now when export certificates are issued in the country of origin with an indorsement from the U.S. plant quarantine inspector, the bulbs may be delivered directly to consignees immediately upon arrival in this country. Bulbs submitted for preshipment inspection that do not meet U.S. requirements are not released unless measures are taken to see that they do qualify—measures like culling, fumigation, hot water treatment.

Experience over 5 years with preshipment inspection has demon-

Nuncio Santacroce and Kenneth Havel, USDA plant quarantine inspectors, examine bulbs in a Dutch warehouse.

Bulbs are shipped in ventilated crates, which keeps them from getting moist.

strated that four alert inspectors at point of origin can examine more bulbs and more effectively determine the presence of diseases and insects throughout the shipping season than a much larger number of inspectors working feverishly on cold, congested, and poorly lighted piers in New York City. For every bulb inspected with difficulty on the piers, many can be more carefully examined during preclearance inspection. Also, bulbs inspected under the new system may enter the United States at any port where there is a customs officer. Formerly, bulbs could enter only at ports where plant quarantine inspectors were stationed.

At the end of the first year of inspection in the Netherlands, a growers' association stated that it felt the inspection had worked to the satisfaction of all, partly because of the "severe but just inspector who has proven to understand his job admirably well." In the United States, many importers and various State plant quarantine officials have testified that the bulbs they are now receiving are the best they have ever seen; and they are especially appreciative of the speed with which the bulbs move from shipside to importer.

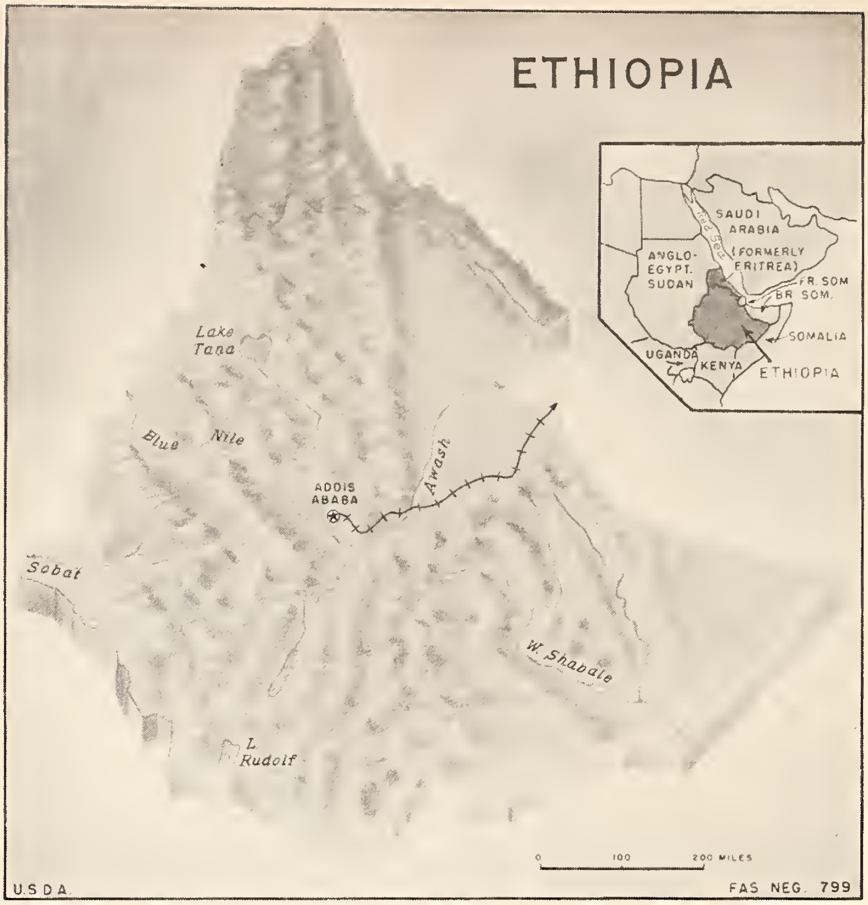
Inspectors' Qualifications

Plant quarantine inspectors chosen for these preshipment inspection assignments must be technically qualified in the detection of bulb insect pests and diseases. Their refresher orientation before being sent abroad emphasizes bulb identification, symptoms of the principal bulb diseases, bulb insect pests, and the distinction between the highly damaging golden nematode and certain closely related species of lesser economic importance. Insofar as possible, inspectors are selected who speak the language of the country in which they will work.

During the 1954-55 shipping season, inspections in the Netherlands totaled 416 million bulbs, in 4,067 separate consignments. In Belgium, nearly 12.5 million bulbs were inspected. Inspections in France comprised 2,090 cases, containing over 2 million bulbs.

This program marks a new concept in international cooperation and consultation, with plant quarantine services of exporting and importing countries cooperating harmoniously to the mutual advantage of each.

In this Holland plant, machines sort and grade tulip bulbs (above) and count them—250 to a bag (below).



Ethiopia is a constitutional monarchy in northeastern Africa, comprising Ethiopia proper and the former Italian colony of Eritrea. With an area of about 409,000 square miles, the country is about equal to the combined areas of Texas, Oklahoma, and Kansas. Much of it is characterized by high plateaus topped by towering mountain ranges. Rainfall is abundant in the summer months. Ethiopia's agriculture ranges from tropical crops at low elevations to barley and flax on the high plateaus.

Ethiopia's Expanding Agriculture

By Clarence E. Pike

Far East Analysis Branch, Foreign Agricultural Service

The Empire of Ethiopia, a little-known area of the world which has been more or less isolated for centuries, is today of growing importance in world affairs and in the production, import, and export of agricultural products. This expansion has particular meaning for the United States, which is the leading market for Ethiopia's exports and an essential source of its agricultural imports.

Agricultural Potentiality

Ethiopia's soil, climate, varied elevation, and rainfall combine to give it great possibilities for agricultural expansion. Development is now inhibited by the inaccessibility of large, potentially productive sections of the country, by primitive agricultural techniques, and by various social conditions.

At least 90 percent of Ethiopia's estimated population of 16.5 million makes its living directly or indirectly from agriculture. Subsistence farming largely prevails. Most of the farmland is held and worked in units of 15 acres or less, as the size of holdings is usually limited to what one family can successfully cultivate with primitive tools and equipment.

In most cases, individual farmers do not have permanent rights to the land; these are held by tribal groups, members of the nobility, the Government, and the Coptic Christian Church—the official church of Ethiopia. However, the number of farmers owning land is increasing.

Of the total land area of Ethiopia, nearly half is in permanent pasture and meadow. About 28 million acres, or 9.5 percent of the land area, is now classified as arable land and orchards. Ethiopia produces enough food to feed its people adequately and provide a surplus for export; but with more extensive cultivation it could produce a far greater supply of agricultural commodities for both home consumption and export.

Ethiopian leadership is determined that the country be developed into a modern nation, and concrete measures are already being taken to bring this about. Technical assistance from the United States and the United Nations, while linked with the overall development of the country, is being extensively applied to agriculture. Through the projects and programs now under way those factors inhibiting Ethiopia's agriculture should be reduced. Consequently it is expected that agricultural production will increase at a considerably more rapid pace than population.

Significance for the U.S.

As Ethiopia's agriculture progresses, will this expansion affect

Students at Ethiopia's agricultural research school inspect coffee seedlings shipped from Guatemala.

Photograph from ICA

Young Eritrean goat herders pose for their photograph. In the background are the primitive mud mounds used for storing grain. Both goatskins and grains are leading Ethiopian exports.

the United States—and where?

The two principal areas are U.S. imports of Ethiopian coffee and exports of U.S. cotton to Ethiopia. A third area—competition with U.S. exports of oilseeds, grain, and meat products—while of no real importance at the present time, could have some significance in the future.

Coffee *(coffea arabica)* is the most important cash crop grown in Ethiopia and is the country's leading export, providing more than half of all foreign exchange earnings. Also, the export duty on coffee is one of the leading sources of government revenue. The United States is the most important single outlet for Ethiopia's coffee; in 1954, 47.3 million pounds valued at $30.8 million were imported.

Both coffee production and exports have almost doubled since prewar. Production in 1955 is estimated at 34,000 metric tons, compared with 43,800 tons in 1954 and 37,700 tons in 1953. Prospects appear bright, however, for a rapid expansion in coffee production. Taking into account the practical limitations, it is likely that the volume of coffee available for export will increase about 25 percent in the next 5 years and 50 percent in 10 years. To this end a cooperative coffee program has been started which is emphasizing seedling production and distribution; full development of existing forest coffee—a large percentage of Ethiopia's coffee comes from trees that grow wild in the forest; encouragement of plantation coffee on unforested land; and educational work in the best methods of planting, cultivating, pruning, harvesting, and processing.

Cotton and cotton goods represent the most important class of imports into Ethiopia, normally accounting for over one-third of the total import trade. Since the war, cotton has been the leading agricultural export from the United States to Ethiopia, and the United States has been Ethiopia's predominant supplier. Of the $6.8 million worth of U.S. exports shipped to Ethiopia in 1954, $2.1 million represented raw cotton shipments.

Only a small amount of cotton is grown in Ethiopia, despite suitable soil and climatic conditions, particularly in the area north of Addis Ababa, around Lake Tana, and in Eritrea. A beginning has been made in promoting peasant cultivation of improved varieties, but production on a significant scale is likely to be a long process. Raw cotton imports for the next 8 to 10 years will probably increase to meet the requirements of the expanding cotton textile industry. But eventually the Empire should be capable of providing all the raw cotton necessary to satisfy domestic needs for cotton goods.

Competition with U.S. Products

In the third area—that of competition—Ethiopia has a long way to go before any of its agricultural commodities become seriously competitive with U.S. products. Nevertheless, the opportunity is there. By almost any standard, Ethiopia has a very high livestock population, as the country is particularly well suited to the raising of domestic animals. Semiofficial estimates for 1954 list 20 million cattle, 19.5 million sheep, 12.5 million goats, 3 million donkeys, 1 million horses, 1 million mules, .5 million camels, and 22,000 swine.

Livestock and livestock products are second only to coffee in Ethiopia's export trade. For example, in 1954 the United States imported from Ethiopia 3.3 million pounds of goat and kid skins, valued at $2.3 million. Because of poor management and a lack of meat packing and canning in Ethiopia, very little meat is exported. This situation may change. The Ethiopian Government is making an effort to attract foreign capital and has already granted concessions to foreigners for establishing and operating slaughterhouses as well as meat packing and canning plants.

Ethiopia's other leading exports are grains, pulses, and oilseeds. However, the combined export values of these crops did not exceed

(Continued on page 16)

Storm-Bound Italian Villagers Get U. S. Surplus Food

Italian family in the snow-bound village of Acquafondata happily accepts packaged spaghetti. The food was brought in by jeep and ski patrol by representative of the National Catholic Welfare Conference. Many such villages in the Apennines were isolated by late-winter storms.

The food taken to these villages came from U.S. surpluses held by the Commodity Credit Corporation, and was distributed by various U.S. voluntary relief agencies. CCC donates surplus food to these agencies for distribution to needy persons in foreign countries, under the provisions of Section 416 of the Agricultural Act of 1949. Last year, CCC donated an estimated 542 million pounds (about $197 million worth) of surplus commodities under the Act.

American Tobacco Builds Houses in Britain

Photograph from Wimpey News

Nearly 1,500 housing units for U.S. military personnel stationed in Britain are now being constructed by the British Government with sterling funds accruing from last summer's sale of 22 million pounds of American tobacco to the United Kingdom, under Public Law 480. The United Kingdom is the largest importer of American tobacco, and this purchase was instrumental in strengthening prices in the flue-cured market at a time when it was needed.

Ethiopia's Agriculture

(Continued from page 15)

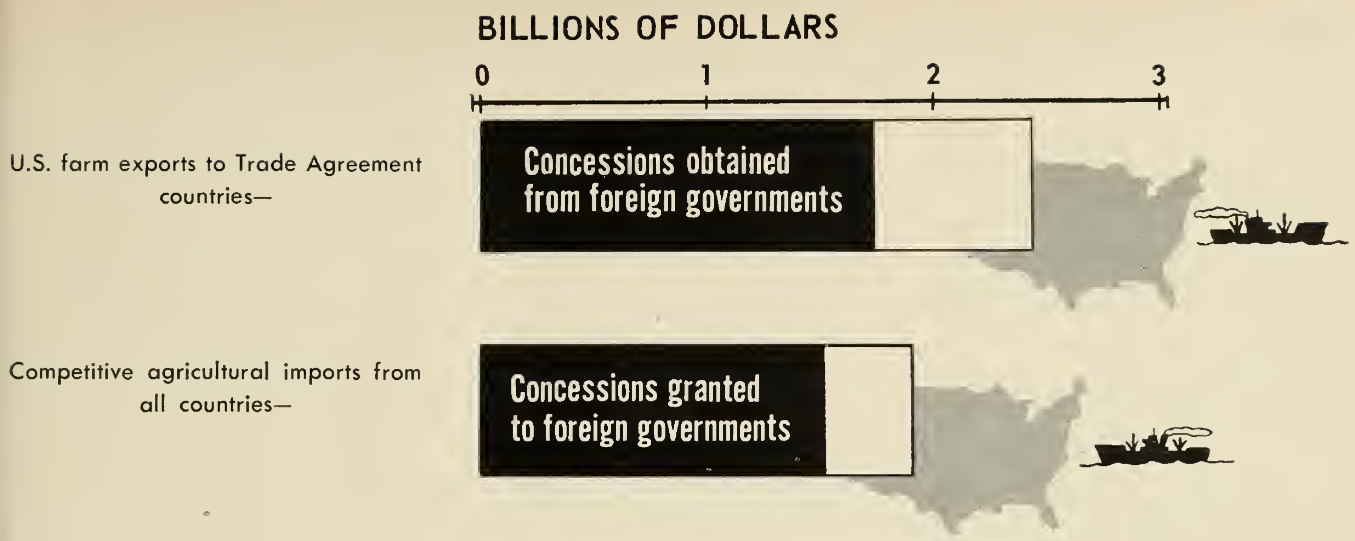
$10 million in 1954. Nor is it anticipated that two of them—pulses and grains—will move in international trade to any extent until Ethiopia's internal transportation problems have been alleviated. Oilseeds, because of a relatively high unit value, face a better economic future, with favorable prospects for expanded production and export.

Ethiopia in World Trade

With regard to the general trade picture, both Ethiopia's exports and imports are increasing. In 1954, exports totaled $70.3 million, as against $63.8 million in 1953. Ethiopian products valued at $33.7 million were imported into the United States in 1954, compared to $33.3 million the previous year.

An even greater increase has occurred in Ethiopia's imports. With a sound currency, the country has no difficulty in financing imports, and in recent years the value of Ethiopia's exports has exceeded that of its imports. In 1954 the total value of imports was $62.5 million, as against $55.5 million in 1953. Four countries—Italy, India, the United Kingdom, and the United States—are the chief sources of imports. In 1953, Italy supplied 17.1 percent of all imports, India 16.5 percent, the United Kingdom 14.7 percent, and the United States 13.7 percent.

For a country with technological limitations this represents a sizable trade exchange. That it can be increased there is little doubt. Compared with some Middle Eastern countries, Ethiopia has no pressure of population on its land resources. Thus, with the financial and technical assistance that it is now receiving and its own determination to develop into a modern state, Ethiopia is looking toward the future as a time when it will rank high among the agricultural exporting countries of Africa.



(Based on 1955 tariff status applied to 1952 trade data.)

Under the Trade Agreements Program, concessions obtained for agricultural exports covered more trade than did those granted on competitive agricultural imports.

U. S. Agriculture Has Fared Well In Tariff Bargaining

IN GENEVA THIS MONTH, the United States and 25 other countries are bargaining to get each other's tariffs reduced. Their meeting is referred to as the *Fourth Round of Tariff Negotiations* under the GATT (the General Agreement on Tariffs and Trade).

During preparation for these negotiations, the impression was created that American farmers came off badly in the first three rounds of GATT tariff negotiations and in the bilateral reciprocal agreements under the Trade Agreements Program. In particular, it was said that U.S. tariffs on agricultural imports were greatly reduced and American farmers were hurt. It was said that foreign tariffs on our farm exports were not reduced very much and that those reductions are worth little because of the foreign quotas that stop our trade. And it was also claimed that tariff protection for agriculture was cut more deeply than for industry.

Tariff-Bargaining Study

A study released this month by the U.S. Department of Agriculture ("Agriculture in U.S. Tariff Bargaining," FAS-M-2, by Robert B. Schwenger, Division of Agricultural Trade Policy and Analysis), indicates that there is no foundation for these statements. Some of the conclusions of the study are:

1. **The bargaining came out about even.** The U.S. farm *exports* that profit from the foreign-government concessions obtained in the trade agreements are of about the same value as the U.S. agricultural *imports* that profit by U.S. concessions.

2. **The trade coverage was extensive.** U.S. negotiators obtained concessions for over two-thirds of U.S. farm exports to the trade-agreement countries. This amounts to about half of total U.S. farm exports to all countries. The concessions were divided about evenly between tariff reductions and bindings of satisfactory tariff rates. A tabulation of every tariff reduction which affects over a million dollars' worth of a U.S. farm product annually runs to about 80 items, totaling almost three-fourths of a billion dollars. This is in addition to tariff bindings and the many reductions affecting less than a million dollars a product. Yet it includes a substantial part of total U.S. exports of almost every commodity having a significant exportable surplus.

3. **U.S. farmers were protected from damage.** The concessions granted on imports were carefully selected to this end. Preference was given to free-list items, quota-protected items, special quality items for blending with U.S. farm products to meet consumer tastes, and items like castor oil and pistachio nuts which command separate markets. Concessions were also granted on such things as wool, for which the maintenance of a reasonable price relative to substitute products is important for the U.S. producer; and on feed, seeds, dairy cows, and other imports for the direct use of farmers.

These concessions are subject to withdrawal under an escape clause if they threaten to hurt domestic producers, or if they threaten to interfere with a USDA program. A study of requests for relief on these grounds suggests that, in spite of fears to the contrary, little or no damage has been done to any U.S. agricultural interest.

U.S. agricultural and nonagricultural duties were reduced about equally

	Value of dutiable imports	Duties as percent of import value		
	Billion dollars	At pre-agreement rates	At post-agreement rates	Percent reduction
Nonagricultural imports	2.95	25.0	12.1	52
Competitive agricultural imports	1.51	23.3	12.3	47
Quota items:				
Sugar	.32	29.0	10.4	64
Section 22 quotas	.13	17.6	7.5	57
Nonquota agricultural items	1.05	22.2	13.5	39

4. **U.S. duties on competitive *agricultural* imports were reduced by about the same percentage as were U.S. duties on *nonagricultural* imports.** Some of the agricultural reductions were limited by import quotas.

5. **The impact of quotas is difficult to measure,** since it is impossible to know how large trade would be without them. Foreign governments maintain quotas on *about half* of the value of U.S. farm products on which we obtained concessions, but the picture has been changing in the direction of relaxing control. In many cases, licenses to buy U.S. products are granted without limit but control is maintained as a matter of form for political reasons. The U.S. Government maintains quotas on *about one-third* of the competitive agricultural imports on which we granted concessions. Of this third, Sugar Act quotas account for over 70 percent.

These conclusions were reached by applying tariff and quota facts as of about the middle of the calendar year 1955 to trade figures for the calendar year 1952, the latest data available when the study was begun. Hence, the conclusions reflect all tariff negotiations under the authority in trade-agreements legislation except those with the Japanese and those under GATT Article XXVIII (concession modifications) completed in 1955. It is estimated that if the 1955 negotiations were included in the study, the general conclusions would not be changed.

The bargaining balance for agriculture was accomplished under difficulties. The agreements were reached in negotiations extending over the years since 1934, and most of them took place under conditions of relative depression or in the discouraging aftermath of war and destruction. The negotiations involved about 50 countries—some predominantly industrial, some agricultural; some developing rapidly, some in relative industrial decline; some dedicated to free enterprise, some to government operation. Almost all of them were committed to the support of their domestic agriculture, usually in connection with production-expansion programs.

It should be noted that a statistical balance of concessions in any one segment, such as agriculture, is not an objective of the Trade Agreements Program. The appropriate objective is to seek concessions of greatest benefit in the expansion of mutually profitable trade, having in mind the need for avoiding adverse short-run effects.

Other Benefits

These statistics on the tariff bargain, moreover, cover only a small part of the benefits of the Trade Agreements Program to American agriculture. They measure in a very rough way the direct trade-agreement concessions that help in marketing our farm exports. They indicate that we did not pay exorbitantly for those concessions and that our farmers were protected. They also show that the upward trend in agricultural protectionism in many foreign countries has been checked.

There is a limit to the validity of this type of analysis. Trade figures do not necessarily indicate the true relative values of concessions. Nevertheless, the above general conclusions seem to be warranted.

But American farmers get important benefits from the program which cannot be measured statistically. The reduction of tariffs and the expansion of trade increase the welfare of the Western economic community just as the removal of the barriers to trade between the American States in 1789 established the framework for an enormous increase in the welfare of all of the people of the United States. The benefit of trade expansion is particularly great for an economy geared to continued expansion, such as ours in the United States today; and there is a special advantage for those elements within the economy, including American agriculture, which are dependent not only on a prosperous domestic market but also on substantial net exports. Finally, trade expansion and closer economic integration for the most efficient use of available resources may well be a matter of life and death to the Free World, of which the American farmer is an integral part.

Value of U.S. Tobacco Exports Sets Record

U.S. exports of unmanufactured tobacco in 1955 set an alltime record in value—$355 million. In quantity the 1955 exports of 539 million pounds were the largest since 1946, and were exceeded in only a few previous years. (1946 was a year of stock rebuilding abroad after the wartime shortage.)

About $325 million (92 percent) of the 1955 exports were regular commercial transactions, and only 8 percent was arranged under Public Law 480.

USSR Cotton

(Continued from page 5)

in the Soviet Union than in the United States. The southernmost part of the Russian cotton belt corresponds in latitude to the extreme northern limit of the U.S. Cotton Belt. Nevertheless, in the early 1930's the Soviet Government embarked on a program of cotton acreage expansion still farther north in the European part of the Soviet Union—in the southern Ukraine, the Crimea, and the North Caucasus. Here cotton was not grown under irrigation. Before the war, the acreage in these new nonirrigated regions accounted for about a fourth of the total Soviet cotton area. Yields per acre are always lower for nonirrigated cotton than for irrigated. In these areas yield and quality both suffered further from unfavorable climate; the short growing season is less than 150 days and in some districts only 130 to 140 days. But cotton growing was swept away by the Nazi invasion, and its resumption immediately after the war was planned on a much smaller scale. Toward the end of the Stalin era, a considerable acreage was again devoted to cotton in the nonirrigated regions, with the same dismal results as before the war. Since Stalin's death, however, nonirrigated cotton acreage has been greatly cut. In 1954 it was under 300,000 acres; irrigated cotton acreage was more than 5.1 million.

In the meantime, cotton acreage in the irrigated regions expanded considerably. In 1954 the increase in acreage was reported at 1.3 million acres, or 34 percent, as compared with the 1940 area. A still further expansion was decreed, through new irrigation construction, and reclamation of acreage abandoned because of salinity, marshiness, and the like. If the program is successful, a total of 970,000 acres is to be added to the cotton area by 1958-60. The production increase from larger acreage and yields is placed at over 1.8 million tons of seed cotton, or roughly 2.7 million bales of lint—a goal which seems unrealistically high. Still, the Soviet Government is making a determined effort to increase cotton production.

Cotton Problems

Though the Soviets have claimed a considerable degree of progress in the irrigated cotton area since the war, they have been bedeviled by a number of difficult and persistent problems. One is the resistance of the native Mohammedan peasant population to forced agricultural collectivization. Some of the others are the salinity of the soil, the problem of insufficient rotation with alfalfa, and a perennial labor problem on the collective farms, particularly during the harvest season. The preparation of the soil and the planting and cultivation of cotton have been largely mechanized, but mechanized cotton picking, which has been strongly pushed by the government, has not as yet been successful. Although in 1954 the Soviet Union had more than 23,000 cotton pickers of various models, the machines have not proved effective. Recently emphasized as a labor saving device is planting by the checking method (checkerboard style), permitting cross cultivation by tractor.

Cotton production and delivery is supposed to be governed by so-called annual contracts, concluded by government agents with the collective farms on the basis of official plans. These "agreements," though in the form of contracts, are actually directives, specifying the production practices to be used, and the minimum quantity and quality of cotton to be delivered to the government. All cotton, however, and not just the minimum quantity, must be delivered by the collectives and state farms to government warehouses. No cotton is supposed to be retained by the producers for any reason whatsoever. Growers receive from the government a fixed price in accordance with the grade of the cotton delivered, but, for the quantities delivered in excess of the minimum specified in the contract, the price rises as the quantity increases.

The fulfillment of the delivery contracts entitles the growers also to certain quantities of grain and other products at concession prices. The gins as well as the textile manufacturing industries are owned entirely by the state, which also has a monopoly of all foreign trade.

U. S. Lard Arrives in Brazil

At Rio de Janeiro, dock workers move U.S. lard from the Brazilian ship Loide Mexico. This is the first shipment of the nearly $2 million worth of U.S. lard that will be shipped to Brazil this year under Title I, Public Law 480, which permits sales of U.S. agricultural surpluses for foreign currencies.

U.S. lard has become an important item in world agricultural trade. The United States now supplies 85 percent of the world's lard imports. Cuba, the United Kingdom, the Netherlands, and Western Germany usually are leading buyers of U.S. lard. In January, Yugoslavia signed an agreement with the United States for 88 million pounds of lard under Public Law 480, the largest single lard purchase under this legislation.

A highlight of a meeting of U.S. agricultural attaches in Caracas, Venezuela, in March was this luncheon meeting. Shown above, *left to right*, are Gwynn Garnett, FAS Administrator, Dr. Armando Tamayo Suarez, Venezuela's Minister of Agriculture, and U.S. Ambassador to Venezuela Fletcher Worren. Pictured on the right are 11 of the 20 U.S. agricultural attaches stationed in Latin America. *Clockwise:* F. M. Lege III and W. L. Rodman, Argentina; H. W. Mumford, Ecuador; S. H. Work, Chile; J. E. Mantel, Dominican Republic; C. K. Baker, Mexico; P. J. Ferree, Brazil; (A. G. Kevorkian, FAS Washington); C. E. Davis, Cuba; L. LaMaster, Uruguay; E. W. Loveridge, Colombia; (F. C. Elliott, Conners League of California). *Back row, right to left:* J. H. Kempton, Venezuela; (C. D. Carpenter, Institute of American Poultry Industries; Pedro Segnini La Cruz, Venezuelan Government).

What does a U.S. agricultural attache do for U.S. agriculture? The answer was given as follows by the U.S. Undersecretary of Agriculture at a conference of U.S. agricultural attaches in Caracas, Venezuela, March 12-15. Also at the meeting were representatives of the U.S. Department of Agriculture and U.S. farm organizations and trade groups.

Serving U. S. Agriculture Abroad

By TRUE D. MORSE,

Under Secretary of Agriculture

Notes used in discussions with United States Agricultural Attaches at Regional Conference, Caracas, Venezuela, March 14, 1956.

YOU HAVE THE TITLE of "agricultural attaché." This means, in workaday language, that you are fieldmen—the foreign fieldmen—of the Department of Agriculture. Your jobs are to serve United States agriculture, just as the Department has been serving our agriculture for nearly a century.

The agricultural attaché has three basic jobs. One job is "reporting." In this work, we look to you to keep us currently informed of important foreign developments that affect U.S. agriculture.

A second job is "representation." We except you to build good will and understanding among foreign people, in behalf of U.S. agriculture and its programs, policies, and products.

The other job is "market development." As our foreign fieldmen, you have the all-important responsibility of facilitating our export promotion programs in the countries where you are stationed. The success of our market development work to a considerable extent depends on you.

Your timely, accurate reporting of foreign agricultural developments is essential. The foreign production reports, the policy analyses, the market appraisals that you send us are necessary in planning our own production and in administering export and import programs. They have equal value to the private trade. The information you send us is disseminated by mass communication facilities throughout the United States, and becomes available to farmers and their organizations, to processors, shippers, and tradesmen. The foreign agricultural intelligence of the Department of Agriculture has come to be known and respected not only at home but also internationally.

A companion responsibility is your public relations work. Some people of other countries do not understand or appreciate the true agricultural position of the United States. You, and your coworkers at the American Embassies, have a great opportunity to build understanding and good will by continuously explaining that position.

In presenting the U.S. position, all that we ask is that you do an honest, forthright job. Our foreign friends need to know simple facts such as these:

The United States is a good customer. **We have liberal import policies.** For 20 years we have been reducing our tariffs, in return for reciprocal reductions by other nations. Imports on which we maintain quotas are but a small fraction of our total imports. Most U.S.

imports are duty free. The United States is the top importing country of the world, and second only to the United Kingdom in agricultural imports. We believe in buying from others, for we know this is the only economically sound way to help them buy from us.

The United States is a responsible exporter. As indicated by the recent announcement of our new cotton export policy, we need and we intend to be competitive in world markets—but our aim is, always, *friendly* competition, *fair* competition. We will not engage in any cut-throat race for markets. We will not break or unduly disrupt world markets. We are interested in fair play.

We believe in a broad improvement in trade in which not only we but our foreign friends can share. This is why the leaders of United States agriculture are giving their active support to such instruments as the International Wheat Agreement, the General Agreement on Tariffs and Trade, and the Organization for Trade Cooperation.

And finally, **we are doing everything within our ability to help U.S. agriculture maintain a stable balance between its output and its market.** We do not want to contribute to existing surpluses. Our growers of wheat, cotton, rice, and tobacco have voluntarily restricted their production. The United States Senate, as you know, last week approved retention of the flexible price support principle as a practical and sound means of bringing further stability to our agriculture.

Foreign market development is a new and big challenge. For most of us, it is a relatively unexplored field. Despite this, you attachés are making a fine contribution. The volume of our agricultural exports has gone up 16 percent during the past 2 years, and a considerable amount of credit for this good news is due our market development programs. Thanks in big part to your work in such programs as those under Public Law 480, this upward trend is continuing. Our agricultural exports from last July through this past January totaled $1,945 million, an increase of 5 per cent over the same period of a year earlier.

But much remains to be done. Even though our agricultural exports today are 22 percent higher, volume basis, than the average of the preceding 30 years, they are not keeping pace with overall gains in world agricultural trade. Much needs and can be done to give foreign customers greater access to the products of our U.S. farms.

Each of you is familiar with the situation in the country where you are stationed. You know where trade situations are favorable and where there is room for improvement. You know that in some countries highly uneconomic production is being encouraged, with the result that consumers pay exorbitantly high prices for food that could be imported much cheaper. You know that in some cases, U.S. farm products virtually are excluded.

There is continuing opportunity to build markets in these countries of Latin America for some of our "old faithful" exports, such as wheat and wheat flour, beans, feed grains, and fats and oils. And there is new opportunity to add to this list—products associated with rising standards of living. Especially should we find a growing market in these neighbor countries for our livestock, dairy, and poultry products.

The outlook for your market promotion work is highly favorable. Since the 1935-39 prewar period, the quantity of U.S. agricultural exports to Latin America has increased more than fourfold. The population of Latin America is now about equal to that of the United States, and as its population continues to grow and levels of living rise, there should be good opportunity to improve our trade accordingly. Reciprocally, our own population is expanding and this should give Latin America a constantly expanding market in our country.

Extension Program

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Organization of the Program

Organized shortly after India's Five Year Plan went into effect, the Community Projects-National Extension Service set for its 5-year goal the covering of one-fourth of India's rural population. To do this some 5,000 village extension workers were trained. By 1961, at the end of the second Five Year Plan, the Indian Government hopes to include all of India's farm people, and this will call for approximately 5,000 women extension workers and 45,000 men. At the present time, they are being trained at special centers, for a year to 18 months. Eventually these extension centers may be incorporated with India's agricultural colleges, and the training lengthened. Provision is also being made to train intensively specialists and administrators.

The working organization of the program is based on a block unit. The village extension worker has an area of operation which includes 10 villages; and 100 villages form a block. The block is headed by an officer in charge, who in turn is helped by specialists in the various fields—agriculture, irrigation, health, roads, education, homemaking, recreation, and so forth.

One of the outstanding features of India's extension work is this pulling together of these various fields. Prior to 1952, government efforts to improve rural standards were directed through the various government departments, such as Agriculture, Animal Husbandry, Health, and Education, each working independently. But the government soon realized that all aspects of rural life were so interrelated that no lasting results could be achieved if individual problems were dealt with in isolation. This led to the multi-purpose program

Foreign Opinion

". . . Then, there are the surpluses that threaten the world. The U. S. has surpluses as a result of its agricultural policy and the great care that is being exercised in the marketing of these products. Following a very considerable shortage, a rapid increase in production cannot be slowed down immediately. . . .

"The Netherlands has experienced but a slight disadvantage from these huge surpluses. The U.S. has done its best. It has disposed of its cottonseed oil. But it still has wheat, corn and cotton. They are surpluses of large volume, which can—not directly but in a roundabout way—raise problems for our [Dutch] agriculture. Therefore, it is of importance for us to take part in international negotiations in order to effectuate the orderly marketing of those items. As many countries as possible must participate.

"So far the U.S. has operated very carefully on the world market. This we expect it will do in the future, too, as America's interests are not served by an unstable world market. . . ."

From an address by **S. L. Mansholt, Netherlands Minister of Agriculture,** at the annual meeting of the Netherlands farmers' cooperative, the "Central Bureau," December 22, 1955.

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of extension which is in effect now and which is directed and coordinated by a single government organization known as the Community Projects Administration, with help from the U.S. International Cooperation Mission.

The Past and the Future

With 83 percent of India's population living in villages and dependent upon some phase of agriculture for their existence, the task ahead of the Community Projects Administration is an immense one. Village extension workers are recruited from the villages, and few of them have had training in any particular field. Thus the administration must not only train thousands of new workers, but must give further subject matter training to those who are already participating in the program. Moreover, while the efforts in the first years were largely directed at teaching the villagers how to do things, the goal for the immediate future is to help them in the program and planning aspects of village improvement.

In my own appraisal of the program I felt that what has been accomplished in a short time is spectacular. The village people are on the way to becoming self-sufficient in raising their own foodstuffs. At the same time, the consumption of milk, vegetables, and other protective foods is increasing, so that in time the market potential of this country with 310 million people may greatly exceed our expectations. But being an extension specialist, I was studying the program, not from the commodity market angle, but from what has been achieved with the rural people. All I need say is that India is gradually transforming their outlook.

These village people are beginning to feel that they are on the threshhold of a new life and are proud of what they are doing to build a better and healthier India.

Sweden's New Policy

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of money, deviates by more than 6 percent from the base period (the 6-percent rule). Only exceptionally would the excises be raised over 25 percent of the import value. The 5-percent and 6-percent rules are to be applied independently of each other.

3. Goal prices and import excises will be reviewed in the event of a more important change in the rates of exchange.

The decisions now made in regard to the future agricultural policy concern the general principles. Price levels, import excises, and operational procedures are at present subject to negotiation between the farm organizations and the government. The results of these negotiations will be submitted in a bill to the Parliament for approval during the current session.

Adjustment to World Markets

The new price program will permit domestic prices to move more freely in response to the world market within the limits set by the floor and ceiling prices. This will make the rule of comparative advantage more influential in shaping the pattern of production in Swedish agriculture. In this regard, an exception will be made for wheat and rye. For these commodities, prices and milling quotas will be fixed prior to each marketing season. Special regulatory measures will be taken also in regard to some other products. However, market regulations will generally be of smaller consequence than previously.

A Step Toward Liberalization

From an international point of view, the most interesting elements in the new program are the conditional removal of quantitative restrictions on foreign trade and the replacement of present tariffs and variable import excises by a system of import excises stable for periods of 3 years. The abolition of the import monopolies also implies a step toward liberalization. In his bill to the Parliament the Minister of Agriculture stressed the importance of Sweden's active participation in the international efforts to liberalize trade.

Farm leaders in Sweden hold the opinion that the success of the new system depends upon the possibilities of adjusting production to the demand situation within the country. It is believed that this adjustment can be accomplished in the best way by withdrawing the poorest land from production.

TRADING POST

More Competition From African Tobacco

U.S. flue-cured tobacco faces increased competition in world markets as a result of an expected record crop now being harvested in the Central African Federation (Southern Rhodesia, Northern Rhodesia, and Nyasaland). Output of flue-cured tobacco in this area for 1956 is estimated at about 157 million pounds, or about 20 percent above the crops harvested in 1954 and 1955.

Soviet Bloc Countries Expand Tobacco Trade

The combined Soviet Bloc countries in Europe now rank next to the United Kingdom as the world's largest tobacco-importing area. Their main imports are flue-cured tobacco from Communist China, and oriental from Turkey and Greece. But they are also buying from many other countries, including India, Iran, Brazil, Yugoslavia, Algeria, and Argentina.

Most of the tobacco being imported by the Soviet Union and its European satellites moves under bilateral and barter trade agreements. Tobacco imports usually are paid for with manufactured goods.

To further trade relations, the Bloc countries are offering to send technicians to underdeveloped areas to aid in increasing the output and improving the quality of agricultural products in those areas.

Increased trade in tobacco and other agricultural commodities appears to be part of an overall plan by the Soviet Union and its satellites to purchase raw materials, mainly agricultural, in order to supplement their own shortages and to increase Soviet influence in the underdeveloped areas. At the same time, they are insuring larger markets for certain of their products, particularly manufactured goods.

Australian Plan Would Aid Exports

A more aggressive trade policy to help Australia's agricultural and manufacturing industries increase exports is announced by John McEwen, Australia's new Minister for Trade.

Keynote is a new export credit insurance scheme which the Commonwealth Government hopes to legislate before Parliament recesses. Under the plan, exporters would be able to insure goods against loss and nonpayment up to 85 percent of value. The plan also would enable them to get immediate payment upon shipment of goods. This scheme would be financed from insurance fees, with payment to exporters guaranteed by the Commonwealth Government.

Canadian Wheat To Go To Iron Curtain Countries

The Czech Government will buy between 100,000 and 320,000 tons of Canadian wheat for shipment during the present crop year ending July 31, 1956, according to a recent announcement made by Canadian Minister of Trade and Commerce C. D. Howe. The purchase will be made from agents of the Canadian Wheat Board on the basis of 25 percent down payment and the remaining 75 percent within one year.

The Czech Trade Mission, now in Canada, has indicated that the amount of wheat purchased will depend upon availability of dollars resulting from Czech exports to Canada.

Wheat is also included in the Canadian-USSR Trade Agreement, signed in Ottawa on February 29. The terms of the agreement specify that "Soviet foreign trade organizations will buy from Canada, during the 3 years dating from the signature of this agreement, between 1,200,000 and 1,500,000 metric tons of wheat in annual amounts between 400,000 and 500,000 tons." Russian purchases of wheat are to be made at the prices and on the terms at which the Canadian Wheat Board is making sales to its major customers at such times as the Soviet purchases take place.

The sale of approximately 100,000 tons of Canadian wheat to Hungary is expected to be concluded shortly.

India Lifts Controls On Exports of Tea

A record 1955-56 tea crop of 660 million pounds, and unprecedented tea stocks in Calcutta, have pulled down prices in India and other tea-growing countries. So, early in February the Government of India increased the tea export quota by more than 15 million pounds. Then it learned that the export trade might not take advantage of the increase because of a surplus in world production and a fall in U.K. market prices. And on February 21 it decided to allow free exports of unsold North India tea to the London tea auctions up to May 31, 1956.

The congested stocks and falling prices are reported to result from the restrictions the government put in 1955 on direct shipments of North Indian tea to the London auctions. This action was recommended by the Tea Auctions Committee, which favored creating a tea-marketing center in Calcutta. But the decision was apparently a hasty one.

To avert a similar situation next year, operators of North Indian gardens are already considering ways to regulate the crop.

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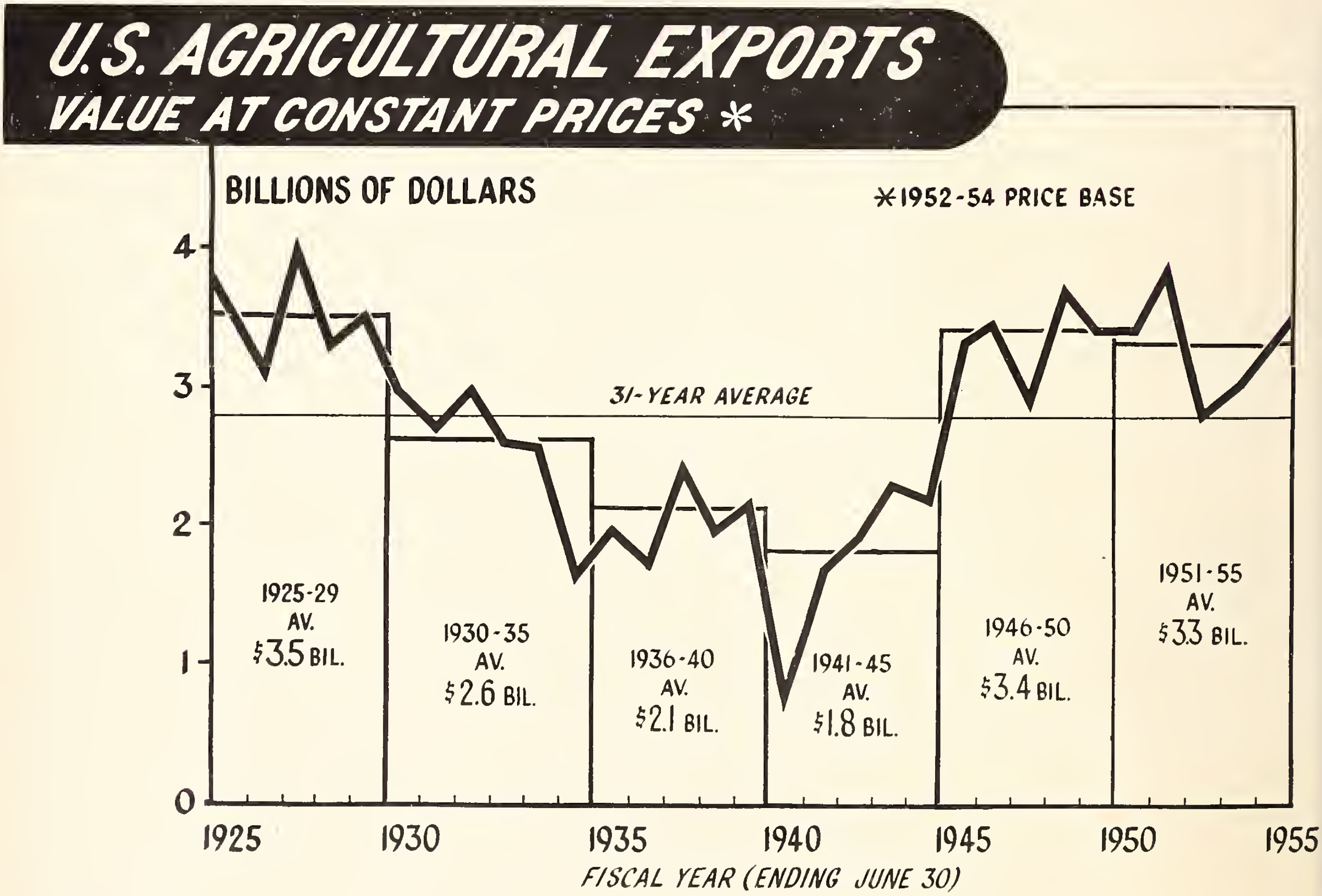

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